SUPREME COURT, U. S.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1970

No. 413

AJEM LABORATORIES, INC. AND CENTRI-SPRAY CORPORATION,
Petitioners,

v.

C.M. LADD CO., INC. AND CHARLES M. LADD,
Respondents.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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THE QUESTION PRESENTED

The sole question presented by the petition, notwithstanding the form of the questions presented by the petitioners, is as follows:

Whether, in a patent case based upon the sales activities of the petitioner under Title 35 United States Code Section 102(b), which has been decided by the District Court on its facts and affirmed in all respects by the Court of Appeals, this Court should take jurisdiction for the purpose of reviewing the findings of fact.

STATUTE INVOLVED

United States Code, Title 35

"§102. Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless—

* * *

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or. . . ."

STATEMENT OF THE CASE

The "Statement of the Case" appearing on pages 3 and 4 of the petition presents no facts or circumstances on which the petition should be granted.

This case is a patent case involving petitioner Centri-Spray Corporation's sales and offers for sale of the patented invention under 35 U.S.C. §102(b), more than one year prior to the filing of the application for the patent in suit and more than one year prior to the filing of Claims 4 and 16 by late amendment. There is no unusual issue involved warranting the exercise of this Court's jurisdiction. The trial was limited to the issue of whether the patent in suit was invalid under Section 102(b), placing the entire patent in issue and the Trial Court ruled upon the entire patent.

After a trial on this issue, lasting four court days, during which the trial judge heard petitioners' witnesses and witnesses from industry representing companies that had

purchased and utilized the machines offered for sale and sold by petitioner, the District Court handed down its decision for the respondents, accompanied by its written opinion filed January 17, 1969, reproduced at Appendix B of this brief, in which the trial judge clearly and specifically set out his findings of fact and conclusions of law. That there were no novel issues of law presented is well shown by the citation of only a single case by the District Court, Appendix B-9. This cited case bore only on the question of petitioners' claiming in broader terms and language, by late amendment, the feature of construction which petitioner had specifically limited during the prosecution of the application for the patent in suit to only the disclosed feature. This element in the late-filed Claims 4 and 16, as found by both Courts below, was broadened in these late claims to include a construction not disclosed in the application as filed.

The District Court found that not only had machines defined by the claims of the patent in suit been "On Sale" before the critical date of the patent application and before the critical dates of the two late-filed Claims 4 and 16, but these two claims had been submitted by amendments in the Patent Office more than five (5) years after the application had been filed and in view of new machines earlier sold by petitioner Centri-Spray Corporation to the Oldsmobile Division. These new machines embodied features of construction not disclosed in the application, prompting petitioners to then file amendments to the application broadening the scope of the claims in order to encompass the new and different features of construction not previously disclosed in the application.

The finding that there was a violation of the Statute was adequately and fully supported by the testimony and record of the trial. The District Court found that petitioners, in their preparation and filing of the application

for the patent in suit and in their prosecution of that application, well knew of the sales of the several machines which established the presence of the statutory bar upon which the trial issue was based.

On appeal, the Court of Appeals for the Sixth Circuit affirmed in all particulars (Appendix A of this brief) the decision of the District Court. The opinion of the Court of Appeals shows that the affirmance was based upon a proper application of Rule 52(a) of the Federal Rules of Civil Procedure. The Court of Appeals went beyond the requirements of the rule and held—

> "On this record we certainly cannot say that any of the findings of fact of the District Court on the Section 102(b) issue are 'clearly erroneous'. Fed. R. Civ. P. 52(a)." (Appendix A-8.)

Further, the Court of Appeals in its concluding statements respecting the District Court's findings on the asserted claims added by late-filed amendments, stated:

> "In this record these findings also find such evidentiary support that they cannot be held to be 'clearly erroneous'.
>
> "Our inspection of this record convinces us that the concluding language of *Muncie Gear* is directly applicable to this aspect of appellants' contentions:" (Appendix A-11.)

ARGUMENT

There Are No Special and Important Reasons for Review of This Case as Specified in Rule 19 of This Court

While it is recognized that paragraph 1(b) of Rule 19 of this Court does not either control or fully measure this Court's discretion, it does nevertheless set forth the general circumstances under which petitions for certiorari to a Federal Court of Appeals will be granted. The "special and important reasons" referred to in Rule 19 are reasons of public importance. All patent cases are important to the litigants. But no special importance attaches to the patented industrial washing machines so as to invoke the supervisory authority of this Court to pass on mere questions of fact that have already been carefully scrutinized and decided by the District Court and the Court of Appeals.

Nor do the petitioners contend that there is a conflict between the decision of the Court of Appeals for the Sixth Circuit and any other court of appeals on the same matter. The case does not involve an important question of Federal law which has not been but should be settled by this Court, because the Court of Appeals was concerned primarily with the District Court's findings of fact and conclusions of law, which it affirmed. There is no conflict of applicable decisions of this Court, nor have the courts below so far departed from the accepted and usual course of judicial proceedings as to call for an exercise of this Court's power of supervision.

The Courts Below Considered and Treated the Issue of Reduction to Practice as Purely Factual

Notwithstanding the petitioners' contention in their Question No. 1, both of the courts below found that the invention of the patent in suit had in fact been reduced to practice by the production and shop-testing of a machine embodying the patented construction, its acceptance by the customer, the receipt by petitioner Centri-Spray of full payment for the machine, the use of that machine by petitioner in its competitive sales promotion and demonstration program, and the shipment of that machine to the customer, all before the critical date of the application for the patent in suit. Petitioners themselves acknowledge that the broader construction defined by the late-filed Claims 4 and 16 was embodied in machines offered for sale and sold before the critical dates of those claims (Petition p. 4). The Trial Court specifically held that machines embodying the definitions of Claims 4 and 16 were offered for sale and sold prior to the critical dates of these claims (Appendix B-7, 8).

Since the trial court and the Court of Appeals have both held that the invention of the patent in suit was actually reduced to practice before the critical date of the application, this Court has no need to review the question framed by petitioners that reduction to practice is a requirement under the Statute.

The trial Court found no proof of "experimental" or "developmental" activity because petitioners presented none, though such was their contention before and following the trial.

These were questions of fact decided by both of the courts below.

The Courts Below Found as a Fact That the Patented or Claimed Construction Had Been Placed "On Sale" In Violation of the Statute

The trial Court had the issue of the entire patent before it (Finding 6, Appendix B-2) contrary to petitioners' contentions in respect to their Questions 2 and 3. The invention disclosed and defined in the patent, as the Court found, had been embodied in machines offered for sale and sold before the critical dates of the application and the late-filed Claims 4 and 16, in violation of 35 U.S.C. §102 (b).

This Court's decision in *Leeds & Catlin Co. v. Victor Talking Machine Co.*, 213 U.S. 301, 29 S.Ct. 495 (1909) involved an entirely different section, Section 4887 of the Revised Statutes, which established the term of a United States patent disclosing and claiming an invention that the applicant for the United States patent had earlier covered and claimed in foreign applications and patents. *Leeds* is clear and to the effect that the claims of a patent define "*the invention exhibited in them*" (p. 315). The courts below found that petitioner Centri-Spray Corporation had placed the invention exhibited and defined in the patent claims on sale in violation of Section 102(b) and held the patent in suit invalid.

Petitioners have not contended, and cannot in good conscience contend, that petitioner Centri-Spray did not offer for sale and sell machines embodying the invention defined in the patent in suit before the critical date of the application and before the critical dates of the late-filed Claims 4 and 16. Instead, they rely upon an alleged "improvement", the "shot pin" device, as defined in Claim 16 which was filed more than five (5) years after filing

the application, contending that it was disclosed in the application. But petitioners ignore the significant fact, *founded upon petitioners' own assertions to the Patent Office*, that Claim 16 defined a construction embodied in the originally filed method Claims 6, 7 and 8, later abandoned, which defined the operation and function of the earliest machines placed "on sale" and sold by petitioner Centri-Spray before the critical date of the application in violation of Section 102(b), as found by the District Court in Finding 11 (Appendix B-4) and its Conclusion of Law 5 (Appendix B-9).

In addition, the so-called "shot-pin" device is absent from and is not called for as an element in any of the patent claims in complete and accurate definition as required by 35 U.S.C. §112. The omission of such "improvement" element from the patent claims renders the claims invalid, *Bassick Mfg. Co. v. R.M. Hollingshead Co.*, 298 U.S. 415, 425 (1936); *Lincoln Engineering Co. v. Stewart-Warner Corp.*, 303 U.S. 545, 549 (1938); *Permutit Co. v. Graver Corp.*, 284 U.S. 52, 57, 60 (1931); *S.D. Warren Co. v. Nashua Gummed Paper*, 205 F. 2d 602 (CA-1, 1953); *Kaiser Industries Corp. v. McLouth Steel Co.*, (CA-6, 1968) 400 F. 2d 36, cert. denied 393 U.S. 1119, 89 S. Ct. 992.

Kaiser held that, since the invention is measured by the claims, the focus for the proper definition of the patented invention is on those claims, and the concept of invention must be found in the claims. Failure to include petitioners' "shot-pin" device as an essential component element of each patent claim renders the claims invalid, because petitioners have not distinguished their claimed invention from the washer combinations which they had earlier offered for sale, sold, built and shop-tested, before the critical dates of the application and the late-filed Claims 4 and 16.

The Courts Below Held That the Combinations Defined in Late-Filed Claims 4 and 16 Were Barred Under the Rule of *Muncie Gear*

Petitioners' Question 4 directed to the application of *Muncie Gear Works, Inc. v. Outboard, Marine and Manufacturing Co.*, 315 U.S. 759 (1942), to the late-filed Claims 4 and 16, completely ignores the facts, as found by the courts below, that (a) the construction defined by the late-filed Claims 4 and 16 was embodied in machines offered for sale and sold before the critical dates of those claims (Finding 23, Appendix A-11, B-7), (b) these late-filed claims were based—as petitioners stated to the Patent Office, upon abandoned application method Claims 6, 7, and 8 that defined the functional operation of machines offered for sale and sold before the critical date of the application (Finding 11, Appendix A-2, B-4), (c) the late-filed claims were submitted in view of the sale by petitioner Centri-Spray of washers embodying a feature of construction not disclosed in the application as filed (Finding 21, Appendix A-10, B-7), and (d) the admittedly broadened scope of these claims, enlarged to include such undisclosed feature, violates the injunction of *Muncie Gear*.

The application of *Muncie Gear* by the courts below was altogether correct. If the admittedly broadened Claims 4 and 16 encompassed and defined a feature of construction not disclosed in the application, particularly after petitioners had, by prior amendments, limited such feature in their originally filed claims to only the disclosed construction, *Graham v. John Deere Co.*, 383 U.S. 1 (1966), petitioners in these claims had now broadened and changed the original invention, *Monroe Auto Equipment Co. v. Heckethorn Manufacturing Co.*, 332 F. 2d 406 (CA-6, 1964), cert. denied 379 U.S. 888.

The Findings of Fact of the District Court, Fully Adopted by the Court of Appeals, Should Not Be Set Aside Except Under Most Unusual Circumstances

The matters presented by the petitioners are squarely in line with statements made by this Court in *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 336 U.S. 271. In particular, we refer to page 274 where this Court, after quoting Rule 52(a), Federal Rules of Civil Procedure, says:

> "The rule requires that an appellate court make allowance for the advantages possessed by the trial court in appraising the significance of conflicting testimony and reverse only 'clearly erroneous' findings. These are manifestly supported by substantial evidence and the Court of Appeals found them supported by the weight of the evidence * * * A court of law, such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error."

There is no showing of error in the petition.

CONCLUSION

The Courts below held the patent in suit invalid upon the issue under 35 U.S.C. §102(b) that the patented construction had been "on sale" before the critical date of the application and before the critical dates of the asserted claims filed by amendment more than five years after the filing of the application.

We submit that the decisions of the Courts were in all respects correct, the petitioners have presented no basis for the Court to exercise its jurisdiction, and the petition for a writ of certiorari should be denied.

Respectfully submitted,

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APPENDIX A

No. 19643

UNITED STATES COURT OF APPEALS
for the Sixth Circuit

Ajem Laboratories, Inc., and Centri-Spray Corporation,
Plaintiffs-Appellants,

v.

C. M. Ladd Co., Inc., and Charles M. Ladd,
Defendants-Appellees.

Appeal from the United States District Court for the Eastern District of Michigan, Southern Division

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Decided and filed April 29, 1970.

Before: Weick, Edwards and McCree, Circuit Judges.

Edwards, Circuit Judge. The question posed by this case is whether the United States District Court for the Eastern District of Michigan was right in holding appellants patent No. 2,979,062 invalid. The patent, issued April 11, 1961, covered a commercially successful automatic power washing machine for cleaning automobile engine heads and similar large castings. The District Court held the patent invalid because the device had been "on sale" for more than one year before the patent was applied for.

Appellants Ajem Laboratories, Inc., (owner of the patent in suit) and Centri-Spray Corporation (exclusive licensee) brought this action claiming infringement by appellees of claims 4 and 16 of their patent.

Upon appellees' motion, a separate trial was held on the "on sale" issue. Appellees contended before the District Judge, and now contend before us, that the facts developed in testimony on their motion to dismiss clearly showed the invalidity of the patent under section 102(b) of the Patent Act, 35 U.S.C. § 102(b) (1964). This section reads as follows:

> "A person shall be entitled to a patent unless—
>
> * * *
>
> (b) the invention was patented or described in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States . . . ;"

The District Judge, after taking extensive evidence on the motion, made the following findings of fact:

> "(11) Defendants established by substantial evidence, which Plaintiffs did not negate or overcome, that Plaintiff Centri-Spray, prior to the critical date, November 9, 1953, issued six (6) offers for sale or proposals for machines which embodied the invention defined in the Arnold Disclosure (Ex. P), in Claim 1 of the application as filed, in Claim 1 of the patent as issued, and in the originally-filed Method Claims 6, 7 and 8, upon which Plaintiffs later, in 1960, purportedly based their amendment claims which issued as patent Claims 4 and 16.
>
> "(12) The Ford of Canada machine offered for sale in August 1952, more than two years prior to the

filing date of the application for the patent in suit, and represented by Plaintiff at the trial to be substantially according to the demonstration model, Exhibit 7, was ordered by Ford of Canada, constructed by Plaintiff Centri-Spray, shop-tested, approved by the customer, invoiced by Centri-Spray, paid for in full, and shipped to the customer before the critical date. The machines sold to Pontiac Motor Division and McKinnon Industries, Ltd. were proposed by Plaintiff Centri-Spray and ordered by these customers well before the critical date. In accordance with such contracts of sale, Plaintiff Centri-Spray proceeded to fabricate these machines and to embody therein the invention defined in the disclosure, the application and the claims of the issued patent.

"(13) Each of the offers and proposals for the sale of turret-type washing machines embodying the invention to Ford Motor Company-Highland Park, Ford Motor Company-Cleveland, and Chevrolet Manufacturing Division were made prior to the critical date, even though the purchase orders for the last two proposals were issued after the critical date and the machines were fabricated and shipped in due course.

"(14) Plaintiff Centri-Spray offered these machines for sale in accordance with their regular promotional and competitive business practices and in the ordinary course of their business. At least the first of these washers, to Ford of Canada, was used in Plaintiff's promotional sales efforts and shown to its prospective customers. The company's officers and sales representatives, in sales promotional discussions with their customers, imposed no obligation of secrecy or confidence nor any restriction upon their disclosures regarding the nature of the washer construction

that Centri-Spray was offering for sale and later built for them. These offers and sales were made and entered into solely for Plaintiffs' profit, to provide their customers with required washing equipment. The sales were undertaken and made in an atmosphere of competitive activity.

"(15) Substantial evidence was presented and the Court finds that none of the machines charged by Defendants to violate Section 102(b) were offered for sale as 'experimental' machines by Plaintiff Centri-Spray. No requirement was imposed by Plaintiff that the purchased machines be kept secret or in confidence, nor was any requirement made upon the customers that they submit to Plaintiffs regular or any test reports upon the functional operation, efficiency or inefficiency of the machines procured from Centri-Spray.

"(16) The customers of Plaintiff Centri-Spray did not understand nor consider these machines to be 'experimental' machines in any sense when they were ordered. They procured them for production use, as regular production equipment.

"(17) The facts establish that Plaintiff Centri-Spray itself did not consider nor treat the machines as either 'experimental' or 'developmental.' Plaintiffs did not request nor make any record of testing, and neither its own employees nor its customers' employees, or for that matter anyone else, kept or maintained any control record of the operational effectiveness of any of these washing machines offered for sale and sold before the critical date.

"(18) Plaintiff Centri-Spray offered each of these machines as a completely designed and operable piece

of production equipment, ready when delivered to be installed and operated for production use at the plants of its customers. It appears from the evidence that at least two of these very earliest (1953) machines are still in operation today, a period of more than 15 years.

"(19) It clearly appears that any problems associated with the start-up and initial operation of these machines were merely matters of adjustment after installation, rather than material changes in the nature or construction of the washers."

Appellants concede, as indeed the facts require, that the first application for the patent in suit was made November 9, 1954, and, hence, that the critical date in relation to the "on sale" provision of Section 102(b) is November 9, 1953. Appellant Centri-Spray also concedes that before November 9, 1953, the critical date, it had issued six proposals for sale of the washing machine, which the District Court held was covered by the patent in suit. But appellants claim that in fact the invention had never been reduced to practice in this country before the critical date, and, hence, could not have been "on sale" within the meaning of Section 102(b). Involved in their contentions is the argument that the first of these machines, which was fabricated to the order of and sold to Ford Motor Company of Canada, Ltd., was not actually in production use prior to the critical date, and in any event, if it were found to have been, that such use was in a foreign country and did not represent reduction to practice for purposes of the "on sale" provisions of Section 102(b).

We find no need to deal with the problems posed by the arguments which pertain to the use of the machine by Ford of Canada on foreign soil. It seems clear to us that the

evidence supports the District Judge's finding that the automatic washer ordered by Ford of Canada was completed in the United States at the Livonia Plant of appellant, was tried out there, and was used as a sales model during the summer of 1953. These facts, plus the five other proposals for sale of such machines prior to the critical date, and payment for the Ford of Canada machine prior to that same date appear to us to provide ample support for the finding of the District Judge that the invention had been on sale for more than one year prior to the date of the application for the patent.

For purposes of this case, we will assume without deciding that reduction to practice of the invention is an essential of the proofs required for an "on sale" holding under Section 102(b).

This court has previously held (in a case dealing with Section 102(g)) that for patent purposes an invention may be reduced to practice by building a working model and operating it under simulated field conditions without the necessity of showing successful commercial use:

> "Satisfactory reduction to practice of an invention does not, however, demand proof of successful commercial use. Corona Cord Tire Co. v. Dovan Chemical Corp., 276 U.S. 358, 48 S.Ct. 380, 72 L.Ed. 610 (1928); Minnesota Mining & Mfg. Co. v. Van Cleef, 139 F.2d 550 (C.A. 7, 1943). It does demand tests which successfully prove practical utility for its intended use. The Court of Customs and Patent Appeals has outlined these principles thus:
>
> "'To constitute an actual reduction to practice of a machine, the device must be completed in an operative form capable of successfully demonstrating

its practical utility in its intended field of use. Ocumpaugh v. Norton, 25 App. D.C. 90; Van Auken v. Cummings, 49 F.2d 490, 18 C.C.P.A., Patents, 1250. Unless the device is of such a nature that by its very simplicity its practical operativeness is manifest, Mason v. Hepburn, 13 App. D.C. 86, 89, the machine must be tested under actual working conditions, Smith v. Nevin, 73 F.2d 940, 22 C.C.P.A. Patents, 748, in such a way as to demonstrate its practical utility for its intended purpose, Sydeman v. Thoma, 32 App. D.C. 362, 373; Feldmeier et al. v. Mojonnier, 97 F.2d 124, 25 C.C.P.A., Patents, 1158, beyond probability of failure, Taylor v. Swingle, 136 F.2d 914, 30 C.C.P.A., Patents, 1219. Actual performance is required of the function for which the machine is intended with a quality, extent, and character of operation sufficient to indicate its utility in the environment in which it is contemplated to be useful. Lavin v. Pierotti, supra, [129 F.2d 883, 29 C.C.P.A., Patents, 1235]; Steenstrup v. Heath, 95 F.2d 514, 517, 25 C.C.P.A., Patents, 981, 986; Van Auken v. Cummings, supra. Field v. Knowles, 183 F.2d 593, 601, 37 C.C.P.A. (Patents) 1211 (1950).

See also: Corona Cord Tire Co. v. Dovan Chemical Corp., supra; Elmore v. Schmitt, 278 F.2d 510, 47 C.C.P.A. (Patents) 958 (1960)." *Toledo Scale Corporation v. Westinghouse Electric Corporation*, 351 F.2d 173, 182 (6th Cir. 1965).

The facts in this case amply justify the District Judge's finding that the Ford of Canada machine was reduced to practice by the shop tests at the Centri-Spray plant. They also fully justify his rejection of appellants' arguments

that this machine was "experimental" within the rule of *Austin Machinery Co. v. Buckeye Traction Ditcher Co.*, 13 F.2d 697 (6th Cir.), cert. denied, 273 U.S. 747 (1926).

On this record we certainly cannot say that any of the findings of fact of the District Court on the Section 102(b) issue are "clearly erroneous." Fed. R. Civ. P. 52(a).

Much of appellants' argument, however, appears to center upon a particular locking device (the shot pin arrangement) employed to lock the turrets of the washer in place. This device was described in patent claims 4 and 16—particularly claim 16. Appellants appear to assert 1) that claim 16 alone represents an invention and 2) that this invention was not a part of the Ford of Canada washer and was not "on sale" prior to the critical date. As to this issue, appellants brief states:

> "The Shot Pin Arrangement
>
> "As stated previously, Claim 16 contains a material limitation, which is directed to the indexing drive means. This is so-called shot pin arrangement. In the words of the claim it is described as follows:
>
> "'. . . said indexing means for said turrets including a drive shaft for turning each of said turrets, a drive wheel connected to said shaft and having a plurality of openings arranged in a circular pattern concentric with said shaft, a drive arm swingably mounted for swinging movement along an arc concentric with said shaft and adjacent to said drive wheel, a drive cylinder having a piston connected to said arm for swinging the arm, a drive member carried by said arm intermittently engaging said openings in sequence to turn said shaft, a locking cylinder mounted on the frame having a piston intermittently en-

gaging said wheel for locking said turrets in alignment with said path . . .'

"As stated, *supra*, this shot pin arrangement was not even conceived of and released for production until November 14, 1953 . . . . Since this is clearly *after the critical date* of the application, November 9, 1953, and it is to a material part of Claim 16, Claim 16 cannot said to have been on sale within the prohibition of 35 U.S.C. § 102(b) more than one year before the application was made." (Emphasis in original.)

Appellants are, however, in our view faced by hard choices.

If the invention claimed by appellants to have been infringed was disclosed in their application of November 9, 1954, in such broad claims as to include both the Ford of Canada mechanism and the "shot pin arrangement," then the patent is barred because the device was "on sale" for more than one year prior to that date for the reasons set out above.

If, on the other hand, claim 16 represents a separate invention of which "the shot pin arrangement" was an essential feature, such invention clearly was not disclosed by the patent application of November 9, 1954. As to such a claim, the *Muncie Gear* doctrine of the Supreme Court requires adoption of a critical date one year before the first disclosure. *Muncie Gear Works, Inc. v. Outboard, Marine and Manufacturing Co.*, 315 U.S. 759 (1942). Claims 4 and 16 were added by amendments on February 23 and April 25, 1960, and, hence, the critical dates applicable to this argument would be February 3, 1959 and April 25, 1959, respectively.

As to this feature of appellant's claims, the District Court found:

"(20) Plaintiffs asserted Claims 4 and 16 of the patent in suit against Defendants. These claims were filed as new apparatus claims by amendments more than five years after the filing date of the application, on February 3 and April 25, 1960. These new apparatus claims contained a definition of the horizontal transfer mechanism which read simply 'transfer means.' This definition was conceded by Plaintiffs' counsel at the trial to be an enlargement over the definition for such element in the apparatus claims previously limited by Plaintiffs to a 'shuttle-bar' transfer device, in their earlier prosecution of the application.

"(21) This attempt to enlarge the claim coverage followed the acquisition by Plaintiff Centri-Spray of an order from the Oldsmobile Division for two turret-type washers requiring a 'walking beam' transfer mechanism. This order was acquired in November 1959 upon offers for sale submitted by Plaintiff Centri-Spray in October. The washers were in fabrication at the time the first amendment was filed on February 3, 1960. The second amendment was filed shortly after shipment and delivery of the washers to Oldsmobile.

"(22) Plaintiffs obtained the entry of the amendments, whereby Claims 4 and 16 were issued in the patent, only after interviews by associate counsel with the Examiner in the Patent Office. These interviews were held following the termination of prosecution of the originally-filed claims, and following Plaintiffs receipt of Oldsmobile's order for the two 'walking beam' washers.

"(23) The critical dates of patent Claims 4 and 16 asserted against Defendants are February 3, and April 25, 1959. Prior to these critical dates, Plaintiff Centri-Spray admittedly sold machines coming within the definition of invention defined in these asserted claims."

In this record these findings also find such evidentiary support that they cannot be held to be "clearly erroneous."

Our inspection of this record convinces us that the concluding language of *Muncie Gear* is directly applicable to this aspect of appellants' contentions:

> "It is clear to us, however, that the amendments of December 8, 1928, like the original application, wholly failed to disclose the invention now asserted.
>
> "The claims in question are invalid if there was public use, or sale, of the device which they are claimed to cover, more than two years* before the first disclosure thereof to the Patent Office. Cf. *Railway Co. v. Sayles*, 97 U.S. 554, 557, 559, 563-64; *Schriber-Schroth Co. v. Cleveland Trust Co., supra*, at 57. Section 4886 of the Revised Statutes would in terms provide for their invalidity had they been offered by application rather than by amendment; and whatever may be the efficacy of an amendment as a substitute for an application, it surely can effect no more than the application itself.
>
> "We think the conclusion is inescapable that there was public use, or sale, of devices embodying the asserted invention, more than two years before it was

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* The applicable period is now one year. See 35 U.S.C. §102(b) (1964).

first presented to the Patent Office." *Muncie Gear Works, Inc. v. Outboard, Marine and Manufacturing Co.*, 315 U.S. 759, 768 (1942).

See also Monroe Auto Equipment Company v. Heckethorn Manufacturing and Supply Company, 332 F.2d 406 (6th Cir.), *cert. denied*, 379 U.S. 888 (1964).

The judgment of the District Court is affirmed.

APPENDIX B

UNITED STATES DISTRICT COURT
Eastern District of Michigan,
Southern Division

Civil Action No. 27057

Ajem Laboratories, Inc., a Michigan corporation, and Centri-Spray Corporation, a Michigan corporation,
Plaintiffs,

vs.

C. M. Ladd Co., Inc., a Michigan corporation, and Charles M. Ladd,
Defendants and Third Party Plaintiffs,

vs.

Wilson Automation Company, a Michigan corporation,
Third Party Defendant.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

(1) This is an action for patent infringement filed by Plaintiff corporations, Ajem Laboratories, Inc. (Ajem) and Centri-Spray Corporation (Centri-Spray), organized and existing under the laws of the State of Michigan, and having their principal offices and place of business in Livonia, Michigan, within the jurisdiction of this Court.

(2) Defendants are a corporation, C. M. Ladd Co., Inc., organized and existing under the laws of the State

of Michigan and having its principal office and place of business in Troy, Michigan, and the individual Charles M. Ladd, residing in Redford Township, within the jurisdiction of this Court.

(3) For the purposes of this litigation, Plaintiff Ajem is the recorded owner of Umbricht et al United States Letter Patent No. 2,979,062, and Plaintiff Centri-Spray is the exclusive licensee of Ajem under this patent.

(4) Title 35 United States Code Section 102(b) provides that a patent shall not issue if the "invention was" "on sale in this country" before the crtiical date of the application. The identification of the "invention" is found, upon reference to 35 U.S.C. §112, in the specification and claims of both the application for and the patent in suit, which were placed in evidence. In addition, the Court had available to it the original disclosure of the applicants upon which Plaintiff's counsel based the application for Letters Patent.

(5) The application for the patent in suit was filed on November 9, 1954, and the critical date therefor is November 9, 1953.

(6) Upon motion of Defendants, a separate trial of the "on sale" issue under 35 U.S.C. §102(b) was held on July 16-19, 1968 and primarily dealt with defendant's contention that the patent in suit was invalid because the invention of each claim was allegedly "on sale" more than one year before the application, which resulted in this patent, was filed in the Patent Office.

(7) The disclosure, prepared by an officer of the Plaintiff Ajem experienced for 22 years in patent matters before his employment by the Plaintiffs, described and defined the invention as follows:

"*The heart of these new improved washing devices* for engine heads and similar fabricated castings or steel parts *is found in the central units composed of the turrets, the indexing device, and the accompanying arrangement of nozzles.*" (Emphasis added.)

(Arnold Disclosure, Ex. P., p. 41)

"In this newly designed washer *the primary invention is concerned with the indexing and transfer of the part to position the castings for separate wash, rinse and drying operations.* * * * It will be noted that there are two main motions to actuate and control. *One is the transfer of the head along the track and the other is the indexing of the rotating mechanism.*" (Emphasis added.)

(Arnold Disclosure, Ex. P., p. 47)

This definition of applicants in their disclosure was used and followed by counsel in the preparation of the application for the patent in suit.

(8) The invention described in the patent specification involves a horizontal shuttle-bar transfer mechanism having an intersected sectional track for sliding moving parts to be cleaned horizontally through the washer, and rotary turrets disposed transversely of the track and in the open spaces between the track sections for receiving the parts from the track, carrying them through a full 360° revolution of the turrets, while spray nozzels direct jets of washing liquid or drying air to the parts, and discharging the parts back onto the track.

(9) During the initial prosecution of the application, Claim 1 as filed, together with other apparatus claims, were materially limited in amendments filed by the Plaintiffs,

to avoid prior art patent references cited by the Examiner and to obtain the allowance of claims. These amendments applied limitations to the definition of the horizontal transfer mechanism so that the apparatus claims were directed and read specifically to a horizontal "shuttle-bar" transfer device having an intersected sectional track.

(10) The file wrapper of the patent in suit reveals that early in the prosecution of the application, Plaintiffs were required to elect between their apparatus claims and three method claims, as filed, before the Patent Office would act upon the merits of the application. To meet this requirement, Plaintiffs elected the apparatus claims, and the non-elected method claims were thereupon restricted from prosecution. (Method Claims 6, 7 and 8 were later abandoned upon the submission of new apparatus Claims 24 and 25 [patent Claims 4 and 16] by amendments filed February 3 and April 25, 1960.)

(11) Defendants established by substantial evidence, which Plaintiffs did not negate or overcome, that Plaintiff Centri-Spray, prior to the critical date, November 9, 1953, issued six (6) offers for sale or proposals for machines which embodied the invention defined in the Arnold Disclosure (Ex.P), in Claim 1 of the application as filed, in Claim 1 of the patent as issued, and in the originally-filed Method Claims 6, 7 and 8, upon which Plaintiffs later, in 1960, purportedly based their amendment claims which issued as patent Claims 4 and 16.

(12) The Ford of Canada machine offered for sale in August, 1952, more than two years prior to the filing date of the application for the patent in suit, and represented by Plaintiff at the trial to be substantially according to the demonstration model, Exhibit 7, was ordered by Ford of Canada, constructed by Plaintiff Centri-Spray, shop-

tested, approved by the customer, invoiced by Centri-Spray, paid for in full, and shipped to the customer before the critical date. The machines sold to Pontiac Motor Division and McKinnon Industries, Ltd. were proposed by Plaintiff Centri-Spray and ordered by these customers well before the critical date. In accordance with such contracts of sale, Plaintiff Centri-Spray proceeded to fabricate these machines and to embody therein the invention defined in the disclosure, the application and the claims of the issued patent.

(13) Each of the offers and proposals for the sale of turret-type washing machines embodying the invention to Ford Motor Company—Highland Park, Ford Motor Company—Cleveland, and Chevrolet Manufacturing Division were made prior to the critical date, even though the purchase orders for the last two proposals were issued after the critical date and the machines were fabricated and shipped in due course.

(14) Plaintiff Centri-Spray offered these machines for sale in accordance with their regular promotional and competitive business practices and in the ordinary course of their business. At least the first of these washers, to Ford of Canada, was used in Plaintiff's promotional sales efforts and shown to its prospective customers. The company's officers and sales representatives, in sales promotional discussions with their customers, imposed no obligation of secrecy or confidence, nor any restriction upon their disclosures regarding the nature of the washer construction that Centri-Spray was offering for sale and later built for them. These offers and sales were made and entered into solely for Plaintiffs' profit, to provide their customers with required washing equipment. The sales were undertaken and made in an atmosphere of competitive activity.

(15) Substantial evidence was presented and the Court finds that none of the machines charged by Defendants to violate Section 102(b) were offered for sale as "experimental" machines by Plaintiff Centri-Spray. No requirement was imposed by Plaintiff that the purchased machines be kept secret or in confidence, nor was any requirement made upon the customers that they submit to Plaintiffs regular any test reports upon the functional operation, efficiency or inefficiency of the machines procured from Centri-Spray.

(16) The customers of Plaintiff Centri-Spray did not understand nor consider these machines to be "experimental" machines in any sense when they were ordered. They procured them for production use, as regular production equipment.

(17) The facts establish that Plaintiff Centri-Spray itself did not consider nor treat the machines as either "experimental" or "developmental". Plaintiffs did not request nor make any record of testing, and neither its own employees nor its customers' employees, or for that matter anyone else, kept or maintained any control record of the operational effectiveness of any of these washing machines offered for sale and sold before the critical date.

(18) Plaintiff Centri-Spray offered each of these machines as a completely designed and operable piece of production equipment, ready when delivered to be installed and operated for production use at the plants of its customers. It appears from the evidence that at least two of these very earliest (1953) machines are still in operation today, a period of more than 15 years.

(19) It clearly appears that any problems associated with the start-up and initial operation of these machines were merely matters of adjustment after installation, ra-

ther than material changes in the nature or construction of the washers.

(20) Plaintiffs asserted Claims 4 and 16 of the patent in suit against Defendants. These claims were filed as new apparatus claims by amendments more than five years after the filing date of the application, on February 3 and April 25, 1960. These new apparatus claims contained a definition of the horizontal transfer mechanism which read simply "transfer means". This definition was conceded by Plaintiffs' counsel at the trial to be an enlargement over the definition for such element in the apparatus claims previously limited by Plaintiffs to a "shuttle-bar" transfer device, in their earlier prosecution of the application.

(21) This attempt to enlarge the claim coverage followed the acquisition by Plaintiff Centri-Spray of an order from the Oldsmobile Division for two turret-type washers requiring a "walking beam" transfer mechanism. This order was acquired in November 1959 upon offers for sale submitted by Plaintiff Centri-Spray in October. The washers were in fabrication at the time the first amendment was filed on February 3, 1960. The second amendment was filed shortly after shipment and delivery of the washers to Oldsmobile.

(22) Plaintiffs obtained the entry of the amendments, whereby Claims 4 and 16 were issued in the patent, only after interviews by associate counsel with the Examiner in the Patent Office. These interviews were held following the termination of prosecution of the originally-filed claims, and following Plaintiff's receipt of Oldsmobile's order for the two "walking beam" washers.

(23) The critical dates of patent Claims 4 and 16 asserted against Defendants are February 3 and April 25, 1959. Prior to these critical dates, Plaintiff Centri-Spray

admittedly sold machines coming within the definition of invention defined in these asserted claims.

(24) Plaintiffs were well aware of and fully informed concerning their proposals for and sales of these washing machines to the Ford Motor Company of Canada, Ltd., Pontiac Motor Division, McKinnon Industries, Ltd., Ford Motor Company—Highland Park, Ford Motor—Cleveland Engine Plant, and the Chevrolet Manufacturing Division, before the disclosure of the invention was made to counsel for the preparation of the application that resulted in the patent in suit. Photographs of significant and vital portions of the first machine to Ford of Canada, illustrating the invention, were included with the disclosure of applicants to counsel. The disclosure appears to have been drawn, so far as the significant elements of the invention are concerned, as if no distinction was made by Plaintiffs between the Ford of Canada machine and any of the other machines, including the Chevrolet machine, later fabricated and shipped and upon which Plaintiffs claim to have based their application for the patent in suit.

(25) The Court finds that Plaintiffs did not fulfill their obligation of a full, frank and truthful disclosure of the facts relating to the washing machines offered for sale and sold before the critical date of the application and of the washers sold in 1959, upon which they attempted to obtain enlarged claim coverage by their filing of new apparatus Claims 4 and 16.

(26) The Plaintiffs, by failing to meet this obligation in their prosecution of the application for patent, did not exercise that candor and good faith required of applicants standing before the Patent Office.

(27) Defendants met and maintained their burden of proof by showing that machines embodying the invention

were sold before the critical dates in violation of 35 U.S.C. §102(b), but Plaintiffs failed to meet or support their burden of proof that the machines charged by Defendants to violate the statute were "experimental" within the meaning and intent of Section 102(b).

CONCLUSIONS OF LAW

1. This Court has jurisdiction of the subject matter and the parties in this action under Title 28 United States Code Sections 1338 and Title 35 United States Code Sec. 281. Venue is properly laid in this District, Title 28 United States Code Sec. 1400.

2. For the purposes of this litigation, Plaintiff Ajem is the owner, and Plaintiff Centri-Spray is the exclusive licensee of the patent in suit, Umbricht et al United States Letters Patent No. 2,979,062.

3. The application for the patent in suit was filed November 9, 1954, and the critical date therefor was November 9, 1953.

4. The machines charged by Defendants to violate 35 United States Code Section 102(b) embodied the invention and were "on sale in this country" before the critical date of the application and before the critical dates of asserted Claims 4 and 16, in violation of the statute.

5. Claims 4 and 16 asserted against the Defendants, and based by the Plaintiffs upon their originally filed Method Claims 6, 7 and 8, later abandoned, are invalid in view of the sales by Plaintiff Centri-Spray of machines embodying the invention defined in these claims prior to their critical dates.

6. Apparatus Claims 4 and 16 are invalid under the *Muncie Gear* rule. (*Muncie Gear Works v. Outboard,*

Marine and Mfg. Co., 315 U.S. 759, 53 U.S.P.Q. 549) for claiming in broader terms and language, by late amendment, the horizontal transfer means that Plaintiffs had specifically limited during their earlier prosecution of the originally-filed apparatus claims to a "shuttle-bar" transfer device, with an intersected sectional track.

7. "Reduction to practice" is not essentially a necessary element involved in a violation of 35 U.S.C. Sec. 102 (b) after proof of the sale without reservation for actual use more than the statutory period of one year before the application for patent therefor. In these proceedings the issue of reduction to practice is relevant only to show the purpose of a particular use or sale.

8. Even if "reduction to practice" were a prerequisite to a Section 102(b) violation, Defendants have established the burden that the patent was reduced to practice for production use by establishing that the Ford of Canada washer was shop-tested under conditions which satisfied both the plaintiff and its customer, before shipment from plaintiff's plant before the critical date as found by this Court in paragraph (12) of Findings of Fact *(supra)*.

9. Defendants are entitled to judgment declaring that United States Letters Patent No. 2,979,062 is invalid and void, and not infringed by Defendants.

10. Defendants are entitled to their costs and disbursements, with costs against Plaintiffs.

11. Defendants are entitled to recover from Plaintiffs their reasonable attorneys' fees incurred in the defense of this action and the prosecution of their counter-claim.

/s/Thaddeus M. Machrowicz,
U.S. District Judge

Dated at Detroit, Michigan
this 17th day of January, 1969